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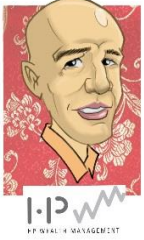
Insider

HP Wealth Management Newsletter



Issue 6 - December 2017

What a year!



As 2017 draws to a close, we look back on a memorable year – not only for the right reasons. In the financial markets the year turned out to be much better than almost anyone predicted. Global growth is more synchronized than it has been for a long time, interest rates remained low, corporate profits improved. But the good

performance of the financial markets cannot entirely mask the issues that remain. While the populists in Europe were pushed back in France and the Netherlands, they entered the German Bundestag for the first time. Another populist has entered the White House and when he is not tweeting or playing golf (apparently he has played 80 times in 2017!) he is busy upsetting friends and foes. From a distance it looks like the US is handing over global leadership to China in areas such as free trade and global climate change. The situation in the Middle East remains potentially the biggest risk with Saudi Arabia and Iran posturing more aggressively.

There was a massive overload of information already, and now the world has to deal with fake news as well. Our job as wealth/asset manager is to sort out the facts from the noise, and we do this every day. We do not fall into the trap of adjusting our views and portfolios based on the noise we hear. We take a long term view and stay the course. We believe to have a solid asset allocation in place which reflects one's risk profile is the only way to go. I can assure you that the day when HPWM recommends to invest in cryptocurrencies is pretty far away.

2017 was an interesting year for HPWM. First, we expanded our office premises by more than 50% and have now a larger client area, a bigger boardroom, and ample space to add new staff. Then in the last quarter of 2017 we bought out our Geneva-based shareholder, Horus Wealth Management. Their 49% stake was bought by the existing shareholders (i.e. the three partners), some of our employees as well as two investors who were given preference shares. We believe that this will allow us to be more flexible going forward, particularly in attracting senior talent.

My colleagues join me in wishing you and your family all the very best for the festive season and a great start into the New Year.

Urs Brutsch
Managing Partner
HP Wealth Management (S) Pte Ltd

Featuring Edwin Chan, Senior Portfolio Manager. Our Fixed Income Guru.



Tell us a bit about yourself: your career, your family, your interest outside of work:

I have been in the financial industry for many years, with my earlier years spent in the institutional side of the business spanning across fixed income trading and portfolio management. I "migrated" to the wealth management space a few years ago and have not looked back since. I am blessed with a wonderful wife and two beautiful kids (not in any particular order). My girl recently turned 14 while my 7-year old son is a football fanatic (thanks to me). For the record, my son and I are avid supporters of Liverpool. I do love travelling and one of the more interesting places that I visited with my family recently was South Africa. Our top destination is however Japan as the food and beautiful sights constantly bring us back to the country!

Why did you choose to work for a small and independent firm like HPWM?

Having worked for big institutions all my working life, I was looking for a set up that was less bogged down by administrative and compliance issues that are typical in large companies and where I had a bigger influence on decision making within the firm. The entrepreneurial and non-hierarchical nature of the firm means that there is much less red tape (in fact hardly any!) to deal with and we can focus on the main business of the firm which is to manage our clients' wealth. The unique business model of HPWM is such that the firm's interests are aligned with the clients. This makes it much easier for us to earn our clients' trust.

HPWM expands its office premises



We moved into 137 Telok Ayer Street in October 2012 and fell in love with the building and the entire neighbourhood. We initially had 2,000 sq ft, but with our recent growth we found ourselves needing more space. Our neighbour had too much space and wanted to give up some 1,200 sq ft.

We jumped on the opportunity and after a few weeks of discussions, drawings and ultimately construction the project was completed in May 2017. The project was expertly executed by Jim & Halls. We now have a larger client area and a substantially bigger board room. We kept the "look and feel" of both the client and the shared office area. We are now in a position to selectively hire additional staff and believe that the current space will be sufficient for a few years! If you have not yet visited, please do drop by!

What do you like about working for a small company?

For starters, I do not have to remember the names of 100 new colleagues in my first week on the job! On a more serious note, the culture of a small firm is much more "family-like" and less formal. New ideas can get implemented much faster as there are no multiple levels of approval required. If I have any issues, I can immediately bring it up with the partners.

What are your biggest challenges in your day-to-day work?

Managing clients' expectations can be challenging. We all want portfolios with high returns and low risk, don't we? Part of our job as wealth managers is to play a key role in the education process for clients in terms of helping them determine and understand what they can realistically achieve out of their portfolios. This is particularly crucial as long term capital market assumptions suggest that investors should be looking at 5% annualized returns on balanced portfolios over the next 10 years rather than the 6-7% over the past decade.

If you could invite someone for dinner, who would that be, and why?

Donald Trump. (I hear some gasps...). I have so many burning questions for him that I might need more than a dinner. Steak (well-done of course) will be on the menu but unfortunately I do not stock ketchup in the house. Being a champion of the underdog myself, I would want to know the secret of his against-all-odds election victory. He could also enlighten me on his plan for dealing with Rocket Man. He may need some help from Elton John with that? Oh and I would like the contact for his hairdresser too.

HPWM Goes Virtual

Traditionally, the team of HP Wealth Management spends time at the end of the year together outside the office. This year, we ventured into Virtual Reality.

But we can assure you that we remain firmly rooted in the real world. However, the experience was quite exceptional, the technology incredible. The excursion into the VR space was followed by a sumptuous Spanish dinner in Duxton Hill.



PS: as in previous years, we will not be sending out physical greeting cards. In lieu, we are supporting Child's Dream, a charity helping children across Thailand/ Laos/ Myanmar/ Cambodia (www.childsdream.org)



HPWM in the news: Asian Private Banker

IAM thought leaders share their two cents



The challenges facing Asia's independent wealth managers, while multifarious, have done little to dent the industry's optimism. Over 80 attendees at Asian Private Banker's annual IAM and Multi-Family Offices Leaders Conversations in Hong Kong and Singapore this month were candid about those tailwinds and headwinds shaping their businesses

across a number of fronts, including profitability & sustainability, talent, products, regulations and, of course, private banks' servicing. Here, we share the perspectives of three thought leaders who spoke from the sidelines of the closed-door event.

Q: The IAM/MFO industry in Asia is forecast to manage US\$55-60 billion in client assets by 2020, which would require a CAGR well in excess of what the PB industry is growing at. Do you think this forecast is truly useful for benchmarking the IAM/MFO industry and, more specifically, what is the best measure of the current state of independent wealth management in Asia?

A: Urs Brutsch: I think that the numbers are possible to achieve. It would indicate that the IAM sector would grow faster than the industry as a whole, which is what I expect. Whether the sector is ultimately a success story can be measured in a number of ways, i.e. AUM, number of firms; but in the end it will be down to whether firms are profitable. If they are, it will inevitably attract more senior bankers into this space.

Q: Do you expect consolidation to pick up in the IAM space, and is this a 'good' thing? How different do you expect the IAM/MFO industry to look a decade from now?

A: Urs Brutsch: It is too early for consolidation in Asia – the sector is too young. There may be the odd merger or acquisition, but I believe that this will remain the exception.

I would expect the industry to be in great shape, with more firms, and all of them with more scale. The IAM model is a fairly expensive business model, and it requires a certain scale to be able to be profitable.

Q: In terms of client onboarding and KYC, how keen are you to see a shared KYC database and, if so, what needs to be done to achieve this?

A: Urs Brutsch: That is a long shot. I am however convinced that in the not too distant future we could see the emergence of a 'portable' KYC, which would allow clients to open relationships with banks easily. If such a standard can be developed, and is of course endorsed and accepted by the regulators, then this would be a great breakthrough. It would raise the level of KYC and at the same time reduce the amount of work required to open new relationships. As we move towards full transparency, this should not meet with resistance from the end client.

Q: What issues are you facing in terms of finding suitable talent for your team? Are private bankers better off joining an existing setup or going it alone in the current environment?

A: Urs Brutsch: We find it difficult to have senior bankers join us. We have a great platform to offer, but too many RMs don't seem to see the benefits of the IAM model. If they were to put themselves into the shoes of their clients, they would probably be more likely to see the merits. The industry as a whole has enough RMs, I think it is more a problem of quality rather than quantity. I can easily hire underperforming RMs, but that is not a sustainable path. Whether a banker sets up his own shop or joins an existing firm is a difficult question. I think that the advantages of joining an established IAM outweigh the disadvantages of starting from scratch. To run an IAM means to assume managerial and administrative responsibilities, which often are the exact reasons why a senior RM would consider leaving the bank.

HPWM Cyber health Check



With the advancement of technology, we are more connected than ever. Cybersecurity has become a major concern to businesses around the world with recent ransomware dominating the headline which really make companies "WannaCry".

At HPWM, we adopt strict security control such as disabling all USB, restriction controls and mobile email whitelisting. Annual Vulnerability Assessment and Penetration Testing (VAPT) ensure security and safety in our IT security policy at work, providing our clients and ourselves a level of comfort.

Are you safe? Let's do a test

iPhone Users:

Go to Settings -> Privacy -> Location Services -> System Services -> Frequent Locations or significant locations

Android Users:

Go to Settings -> Location -> Google Location History

Did we just expose you?



Our neighbour had a visitor

SINGAPORE - For the first time, a statue of the sea goddess Mazu from Meizhou Island in Putian, in China's Fujian province, has landed on Singapore shores.

The Mazu statue arrived at the Thian Hock Keng temple in Telok Ayer Street on Wednesday (July 5) and on Thursday morning, temple representatives and devotees gathered at the temple to take part in a ritual ceremony - dating back to the Song Dynasty - in honour of the goddess.



Thursday's ritual ceremony comes more than a century after early Chinese immigrants first stepped into Thian Hock Keng's dimly-lit halls to offer incense to its Mazu goddess, thanking her for their safe voyage by sea from Fujian province to Singapore.

Today, devotees pray to Mazu for peace, protection and good health.

Photos of the statue of Mazu and two other deities flown on business class from China to Malaysia went viral online.

HP Wealth Management (S) Pte Ltd ("HPWM") is an independent wealth management firm founded in 2009 to provide independent and professional investment advice, tailor-made investment management as well as family office services to high net worth individuals and families.

At HPWM, our focus is on managing clients assets, bankable and non-bankable. We work with experts in the field of finance such as banks and specialised fund managers. We work with a large network in the field of trust, insurance, corporate providers, lawyers in order to ensure that our clients get the best in class.

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